

# **2015 Property Tax-Related Legislation**

## **April, 2015**

### **HB 41 Local Economic Development Amendments**

Effective: May 12, 2015

This legislation enacts a new section, §17C-4-109, in the Community Development and Renewal Agencies Act entitled “Expedited community development project area plan”. It defines the term “tax increment incentive” as the portion of tax increment awarded to an industry or business. It provides that CDRA plans are not subject to certain notice and public hearing requirements, if the following requirements are met: (1) the agency adopts a resolution in an open and public meeting expressing the need to amend the project area plan on an expedited basis; (2) a public hearing is held on the amendment or adoption of the project area plan; (3) notice of the public hearing is published at least 14 days before the public hearing on the website of the community that created the agency and the Utah Public Notice Website; (4) written consent to the amendment or adoption of the project area plan by all property owners within the project area; (5) Each taxing entity and public entity that will be affected by the tax increment incentive enter into an interlocal agreement; (6) the primary market for the goods or services created by the business receiving the tax increment incentive is outside Utah; (7) the industry or business receiving the tax increment incentive is not primarily engaged in retail trade; and (8) the tax increment incentive is only provided on a post performance basis and is based upon certain specified performance goals.

### **HB 56 Property Tax Definition Amendments**

Effective: Retrospective to January 1, 2015

The definition of “livestock” is expanded to include “fish” in the definition section of the property tax code (§59-2-102).

### **HB 103 Taxation of Property Amendments**

Effective: January 1, 2016

This legislation enacts §59-2-301.7 which requires a county assessor to consider hazardous waste and radioactive waste as part of the determination of fair market value in terms of functionality of the property, the ability to use the property or property rights. This includes property not currently used for storage of hazardous or radioactive waste but has been used in the past for storage of such waste. In addition, it makes clear that Sections 59-2-301.1 through 59-2-301.7 also apply to the privilege tax.

### **HB 111 Payment of Property Tax Amendments**

Effective: May 12, 2015

This legislation prohibits property taxes from becoming due prior to the due date (November 30<sup>th</sup>). The legislation deletes language concerning the county treasurer closing the treasurer’s office for the posting of current year tax payments until a delinquent list has been prepared.

### **HB 190 Assessment Area Act Modifications**

Effective: May 12, 2015

This legislation amends provisions related to the designation of an assessment area and the levy of an assessment. It amends the definition of “adequate protests” from written protests representing at least 50% of the affected properties to written protests affecting 40% of the affected properties and increases the protest period from 30 to 60 days. It prohibits an assessment area that is substantially coterminous with the boundaries of a local entity. It amends

provisions related to designation of an assessment area, public hearings, public meetings, board of equalization and prohibits a local entity from levying an assessment unless certain criteria are met.

**HB 201 Interlocal Entities Amendments**

Effective: May 12, 2015

This legislation defines “governmental law” in statute to mean “laws governing Titles 51-2a, 63A-3, 63G-6a and certain parts of §11-13-315”. Primarily, it specifies that a governmental law is not binding upon a taxed interlocal entity without specific language.

**HB 204 Tax Increment Amendments**

Effective: May 12, 2015

Modifies the definition of tax increment to include revenue from all property tax levies used in establishing the certified tax rate. This would include levies for specific purposes, restricted accounts and bond levies to the extent bond covenants are not impaired.

**HB 211 Armed Forces Property Tax Exemption Amendments**

Effective: Retrospective to January 1, 2015

Beginning January 1, 2015, it establishes \$252,126 as the adjusted taxable value limit for veterans with a disability. It clarifies that a veteran with a disability and/or an active duty member of the armed forces who does not reside in a residence because the person is admitted as an inpatient at a health care facility, is to receive the veteran or armed forces exemption.

**HB 251 Amendments to the Interlocal Act**

Effective: May 12, 2015

This legislation primarily requires interlocal entities to follow similar fiscal procedures as required of other entities so as to enhance transparency and accountability.

**HB 276 Agriculture Structure Amendments**

Effective: May 12, 2015

Defines “high tunnel” as “a structure that is not a permanent structure; is used for the keeping, storing, sale, or shelter of an agricultural commodity and has a metal, wood, or plastic frame; plastic, woven textile, or other flexible covering; and floor made of soil, crushed stone, matting, pavers, or a floating concrete slab.” A municipal building code does not apply to a high tunnel and no building permit is required. Also, a high tunnel is exempt from assessment for taxation purposes

**HB 402 New Convention Facilities Development Incentive Act Amendments**

Effective: July 1, 2015

This legislation modifies the payment of incremental property tax revenues. A county in which a qualified hotel is located retains the incremental property tax revenue during the eligibility period which reduces by that amount any tax increment the county otherwise would have paid the host agency for that particular year. The county is to issue a notice to the host agency concerning (1) the amount of displaced tax increment for that year; (2) the number of years remaining in the eligibility period; (3) a detailed accounting of how the displaced tax increment was used and (4) an explanation of how the displaced tax increment will be used in the following year. The county may not spend the portion of incremental property tax revenue that is displaced tax increment for 30 days after the notice to allow the host agency time to provide written notice to the county that a tax increment shortfall will occur; arrangements are to be made to pay the tax

increment shortfall. The revenue from an increase in the taxable value of hotel property is considered to be a redevelopment adjustment for calculating the certified tax rate.

**SB 62 Certified Tax Rates Amendment**

Effective: May 12, 2015

Various Repeal Dates

This legislation provides for adjustments to the certified tax rates of Salt Lake County school districts levying an equalized capital outlay rate. It requires USTC to increase or decrease the certified property tax rate for those school districts impacted by the repeal on 12/31/16 of Section 59-2-924.3, which currently redistributes capital levy property tax revenue within the county. Receiving districts being negatively impacted by the repeal of §59-2-924.3 will have their rates increased by the amount necessary to offset the resulting decrease in revenues. Contributing districts being positively impacted by the repeal of §59-2-924.3 will have their rates decreased by the amount necessary to offset the increase in revenues. School districts whose rates increase are not required to comply with the Truth-in-Taxation process; however, on or before June 15, 2017, they are required to publish a statement in a newspaper(s) one or more times, read the statement at a school district public meeting and, if the school district maintains a database of electronic mailing addresses, send the statement by email to those residing in the school district boundaries. The statement is delineated in §59-2-924.2(9)(c).

**SB 78 School District Property Tax Amendments**

Effective: May 12, 2015

This legislation removes the five-year time limit on property tax base sharing between school districts that split. Instead, it requires that future school district splits share the same tax base perpetually.

**SB 97 Property Tax Equalization Amendments**

Effective: July 1, 2015

This legislation increases the state's education basic property tax rate to help equalize funding for school districts. It increases the basic rate by a factor that is calculated to generate \$75 million in additional property tax revenues statewide in fiscal year 2016 and in each year going forward. The \$75 million is the basic levy increment which is to be deposited in a new restricted account in the Education Fund known as the "Minimum Basic Growth Account". Upon legislative appropriation, 75% of the funds will be used to help fund the state's contribution to the Voted and Board Levy Guarantee Program outlined in §53A-17a-133(4), 20% of the funds will be distributed to qualifying school districts through the Capital Outlay Foundation Program as outlined in §53A-21 Part 2, and 5% of the money from the account will be distributed to qualifying school districts through the Capital Outlay Enrollment Growth Program as outlined in §53A-21 Part 3.

**SB 165 Property Tax Valuation and Assessment Modifications**

Effective: January 1, 2016

This bill allows the Utah State Tax Commission to consult with the counties during the centrally-assessed valuation process. If a county objects to assessment of a property assessed by the commission, they may appeal to the commission if they apply to become a party to the hearing of the property owner no later than 30 days after the date the owner appealed to the commission. If a county objects to the assessment of property by the commission (and no appeal was filed by the property owner), they may appeal if the county reasonably believes the property fair market value to be 50% greater than the assessed value for the current year or 50% greater than the assessed value for the prior year. A county must get

approval from a majority of the members of the county legislative body before filing an appeal and file the appeal no later than 30 days after the last day on which the property owner could have appealed the value to the commission. The commission is to allow the property owner to become a party in an appeal the county files. The county and the owner may estimate the fair market value of the property using any valuation method they deem to be appropriate regardless of the valuation methodology used previously. On or before the November 2018 interim meeting, the Revenue and Taxation Interim Committee will study the process for a county to object to an assessment of property assessed by the commission to determine whether to draft legislation modifying the process.

**SB 193 Local Government Amendments** Effective: Sections 11-42-401, 17B-1-902 and 59-2-1317 are effective January 1, 2016; remainder of legislation effective May 12, 2015

This legislation amends provisions related to an assessment area, a local district and a special service district. If a local entity includes an assessment on a property tax notice, it requires a county treasurer to include the following information on the property tax notice: (1) clearly state the assessment is for the improvement, operation and maintenance, or economic promotion activities provided by the local entity; (2) itemize the assessment separate from other taxes, fees, charges, interest or penalty included on the notice; (3) state that if less than the full amount of the property tax and assessments included on the notice are paid, the payment is to be applied proportionately to the balances due for property taxes, assessments and other permitted charges unless the taxpayer demonstrates that the unpaid fees are being challenged. An assessment constitutes a lien and has the same priority as, but is separate and distinct from, a lien for general property taxes. It authorizes a local district to charge for administrative costs for collection of a respective past due fee and prohibits a local district from compounding interest more frequently than annually.

**SB 199 Local Government Revisions** Effective: May 12, 2015

This legislation creates a new form of government for the unincorporated area of Salt Lake County called a “metro township”. It allows residents of townships and unincorporated areas to vote during a special November 3, 2015 election. The first question on the ballot asks current planning townships whether they want to become a metro township or a city. A second ballot question asks voters, if the metro township option prevails, if they want to be a metro township with limited municipal powers included in a municipal services district (MSD). For those residents in unincorporated islands surrounded by one or more cities, the ballot will include a question asking whether they want to annex into an eligible city or keep their current unincorporated status. Each metro township will elect members to a five member township council and the township council chair will represent the metro township on the board of the municipal services district (MSD) which is the entity that provides municipal services to residents. The Salt Lake County Mayor serves as the MSD executive. The county treasurer, clerk, surveyor, engineer, district attorney and auditor provide administrative and operational services for the metro township. If a metro township is included in a municipal services district, it may not levy or impose a tax unless the Legislature expressly provides that the metro township may levy or impose the tax; however, they may collect all fees, charges, levies and other payments imposed by the metro township.

**SB 274 Military Installation Development Authority Amendments** Effective: May 12, 2015

The term “tax increment” is deleted and replaced by the term “property tax allocation”. The term “property tax allocation is not the same as “tax increment” defined in §17C-1-102 (47). The new bond language in the definition of tax increment is not in the definition of “property tax allocation”. The term “military” is defined to mean a branch of the armed forces of the US, including the Utah National Guard and includes, in relation to property, property that is occupied by the military and owned by the US government or the state.